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TAGS: [PREL](#) [ECON](#) [ETRD](#) [EINV](#) [KHDP](#) [PGOV](#) [OTRA](#) [LA](#)

SUBJECT: VISIT TO LAOS OF STAFFDEL GUDES

REF: A. VIENTIANE 390
[B.](#) VIENTIANE 442

[11.](#) (SBU) Visiting professional congressional staff members Scott Gudes and Dan Brandt visited Vientiane August 16-19. While in Vientiane they met with Vice Foreign Minister Phongsavath Boupha, who raised restrictions against Eximbank working in Laos, discussed financial reform in Laos with the Vice Minister of Commerce and officials from the National Assembly, and offered to set up a briefing on the Hill for UXO Lao if they visit Washington, DC as planned in early October. End Summary.

[12.](#) (SBU) Senate Budget Committee Minority Staff Director Mr. Scott Gudes and Minority Chief Economist Mr. Daniel Brandt met with Vice Foreign Minister (VFM) Phongsavath Boupha for an hour on April 17. Mr. Phongsavath discussed the current state of the Lao-U.S. relationship and urged the U.S. to lift the ban on Eximbank financing in Laos, becoming the fifth Lao government official to raise this with either Post or visitors since March 2007. (Note: Eximbank's charter prohibits aid to Marxist-Leninist countries, and Laos is included on this list. The President may remove the restriction by signing a national interest waiver, as was the case with Vietnam. (Ref A and B detail some previous requests by the Lao Government to lift the prohibition.) End Note.) VFM Phongsavath also requested that the U.S. provide more funding for humanitarian projects related to missions involving the Joint POW/MIA Accounting Command in Laos. Mr. Gudes told the Vice Foreign Minister he would carry the information on Eximbank back to the U.S. Senate.

[13.](#) (SBU) Over lunch at the Ambassador's residence with Ms. Khemmani Polsena, Vice-Minister of Commerce, National Assembly representative Dr. Koueko Akhamouny, and Mr. Thanta Kongphaly, a senior National Assembly staffer involved in economic planning, staffdel members discussed their recent visits to Vietnam and Cambodia and the various strategies countries in Southeast Asia are using to strengthen their economies. Noting the high cost of electricity in Cambodia, and the constraints this posed for the development of light industry, Mr. Brandt raised the idea of using Laos' abundant energy as a comparative advantage, offering foreign investors cheap electricity in return for setting up shop in Laos. Commenting on the small amount of electricity Laos is planning to use from upcoming power projects (for example, Laos will receive about 1/20 of the electricity produced from the World Bank financed Nam Theun II dam), Mr. Brandt suggested that perhaps future power project bidders should be required to contribute some of the electricity generated to Laos itself. Dr. Koueko revealed himself as a closet C-Span junkie, noting he found the broadcasts very instructive. Both he and Mr. Thanta listened with great interest to the staffdel's explanation of the U.S. budget process.

¶4. (SBU) Dr. Koueko told the staffdel members about the new Lao budget law, which centralizes revenue collection with the national government, away from provincial authorities. The new law is intended to ensure that revenues are collected and distributed by the center. Under the prior system, provincial governors had a great deal of autonomy in determining how much revenue to retain and how much to return to Vientiane. Mr. Brandt pointed out that the initial Articles of Confederation had to be rewritten into the Constitution partially because the states did not voluntarily provide enough money to properly run the federal government. When Mr. Brandt noted that the U.S. system was designed to avoid excessive concentration of power, Dr. Koueko expressed approval, reiterating the well known saying "power corrupts, and absolute power corrupts absolutely." (Comment: It is not every day that a nominally communist official voices such thoughts. End Comment)

¶5. (SBU) Prior to departing for Luang Prabang to tour the National Museum and American Corner, the staffdel had coffee with John Dingley, Senior Technical Advisor at UXO Lao, the Lao government's unexploded ordnance clearance body. Mr. Dingley briefed the delegation on the current UXO situation in Laos and the American contribution to the cleanup. Mr. Gudes appeared struck by the magnitude of the problem and questioned the apparent slowness of the cleanup. Upon hearing that Mr. Dingley hoped to be in Washington in October with the Director of UXO Lao, Mr. Gudes offered to attempt to set up a briefing at the Senate for interested parties.

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